

PENNOCK IDEA HUB

eResearch Corporation is pleased to feature an investment article by Edward Pennock, who is a seasoned investment professional. He, together with other experienced investment specialists, has formed a comprehensive investment website known as **Pennock Idea Hub**.

One of the features of the website is **The Morning Call**, a daily article that features an insightful commentary on the market.

Today's article begins on the following page, and is entitled:

Ten-Day Record Run; What Now?

You can access the **Pennock Idea Hub** website at the following link:

<http://pennockideahub.com>

eResearch was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eResearch.ca.

Bob Weir, CFA
Director of Research

Note: All of the comments, views, opinions, suggestions, recommendations, etc., contained in this Article, and which is distributed by eResearch Corporation, are strictly those of the Author and do not necessarily reflect those of eResearch Corporation.



Pennock Idea Hub

Research Reinvented

Friday, February 24, 2017

The Morning Call

Ten-Day Record Run; What Now?

It is Friday and many traders will be flattening. Trump speaks to Congress on Tuesday. What will he say? LePen is doing well. Could she win? Is there a Frexit? Not surprising that profits on stocks are being taken. Out of Stocks into Bonds.

The 10-year Treasury yield is at 2.36%. The recent high was +2.62%. The 10-year Bund is at 0.50%. Some money is also going into Gold. \$1260. Some into Silver. It is now above its 200 DMA for the second day. Trend? The market has been fueled by Trump promises. He is doing travel bans. Corporate tax cuts are not as important?

Goldilocks may take a Nap. Traders unwind some of the Trump trade, The money is partly going into Gold. The Comex February Gold Futures were up +1.5%. One would expect that yields will fall. That tends to validate the move in Gold.

Fed minutes said, "the recent increase in equity prices might, in part, reflect investors' anticipation of a boost to earnings from a cut in corporate taxes or more expansionary fiscal policy, which might not materialize." That is not consistent with a hike at the "Live " meeting in March. The futures are pricing in only a 20% chance of that. Yellen is going to be behind the curve. Good for a Gold Trade. We are worrying out loud about "Sell in May and Go Away".

"Being bearish does not define one's investment strategy. Instead, it defines how an investor is managing the risk associated with their investment strategy." Eric Parnell has been a Perma Bear. Is this Capitulation?

"If you look around the world, you are seeing green shoots, better growth and higher stock markets everywhere, with nothing being held back by what many thought would be huge trade barriers erected by Trump immediately. None of this growth is because of Trump. It might even be in spite of him,"

"We think it is critical that we get back to more normalized economic growth. More normalized economic growth is 3% or higher," Cramer added. Meanwhile, President Trump spoke positively about a border adjustment tax, stating it "could lead to a lot more jobs in the U.S.A."



Pennock Idea Hub

Research Reinvented

Apart from the ongoing problems at Royal Bank of Scotland, the Banks in the U.K. are doing fine. The bail-out of Italy's UniCredit was taken up entirely. For Germany, it was great news that China surpassed the USA as their largest customer. So did France. The USA is now third. The Iberian Peninsula is slowly recovering. With the elections this year, it is very welcome news. We continue to believe that Europe has turned the corner. They are growing again.

At 10am we will get New Home sales. Consumer sentiment. The Baker-Hughes Rig count. We believe they will be positive.

Invest the Money.

Regards,

Edward Pennock CFA, Founding Partner

ABOUT PENNOCK IDEA HUB

We are creators of independent equity research. The Pennock Idea Hub team members are veterans of the investment industry. Much of our team has spent their careers at Merrill Lynch, Deutsche Bank, RBC Capital Markets, and Wood Gundy. We have taken every aspect of research back to the studs and returned to first principles. The Pennock Idea Hub marries the interests of the sell- and buy-side.

We offer the best research for institutional investors by: only publishing research from veteran Analysts; eliminating the inherent conflicts of the traditional sell- and buy-side relationship; ensuring team accessibility; and collaborating with clients to nurture our collective success.

#####